



ARKANSAS INSURANCE DEPARTMENT  
LEGAL DIVISION  
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December 1, 2001

BULLETIN NO. 12-2001

TO: ALL LICENSED INSURERS, HEALTH MAINTENANCE ORGANIZATIONS (HMOS), HOSPITAL AND MEDICAL SERVICE CORPORATIONS, TRADE ASSOCIATIONS, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: STATUTORY DEPOSIT FUNDS – PROCEDURES FOR RELEASE OF ASSETS

The Arkansas Insurance Department is sending you this Bulletin to announce a change in Arkansas laws on statutory security deposits, in Ark. Code Ann. §§23-63-206, as enacted by Arkansas Act 1604 of 2001, or other applicable laws. The line of insurance, formerly "disability", was amended to "accident and health".

In §23-63-206, Subsection (a)(1)(A) exempts from deposit requirements all new foreign insurer applicants for first-time licenses. Subsection (a)(1)(B) adds permission for already licensed foreign insurers to obtain release of Arkansas statutory deposits upon proof of home state deposits in amount sufficient to cover Arkansas policyholders and creditors. Deposit releases may be requested after 1-1-2002 and will be processed through December 31, 2004, on a first come-first served basis. The requirements in former Subsections (a)(2) and (c) of §23-63-206, for an annual 4% disability deposit based upon Arkansas premium volume for both foreign and domestic insurers, were deleted in the entirety. Therefore, the 4% disability deposit is no longer required to be maintained in this or any other state. Foreign and domestic insurers who have such 4% disability deposits presently posted, should also request release of those deposits after January 1, 2002. In view of these changes, the Department will set out its release procedures to commence in 2002, as detailed for you below:

**FOREIGN INSURERS:**

1. Request to release the former or excess deposit, including the 4% disability deposit, must be on company letterhead;
2. A current home state Certificate of Deposit form, certified and detailing information on the adequacy of the home state deposit and taken from (or updated from) information filed in the Company's most recent Annual Statement, must accompany the request;
3. A check for \$75.00 payable to the State Insurance Department Trust Fund must accompany the request; and
4. An affidavit from a company official, stating that the deposit posted in the Company's state of domicile is held for the benefit of all policyholders in states of licensure including Arkansas, should be included. The Department will then review the adequacy of the deposit under Ark. Code Ann. §23-63-206.

**DOMESTIC INSURERS:**

1. Request to release the excess 4% funds on deposit, required under prior law to be posted for annual disability (accident and health) premiums written in Arkansas over \$500,000, must be on company letterhead; and
2. A check for \$75.00 payable to the State Insurance Department Trust Fund must accompany the request.

**THE DEPARTMENT WILL BEGIN ACCEPTING RELEASE REQUESTS AFTER  
JANUARY 1, 2002**

Processing will **not** begin until after January 1, 2002. Requests may be mailed (**no electronic mail or faxes**) or delivered to this Department, Finance Division, to the address listed. No deposit will be considered for release until all fees owed from previous deposit transactions have been paid to the Securities Administrator in full. The releases will be processed on a first come, first served basis, evident from the document's "received date stamp" placed thereon by the Department. Questions concerning this Bulletin should be directed to Ms. Malisa Landers, Securities Administrator, Finance Division, at (501) 371-2679, or if busy, dial (501) 371-2665, or e-mail questions to [malisa.land@state.ar.us](mailto:malisa.land@state.ar.us).

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MIKE PICKENS  
INSURANCE COMMISSIONER - STATE OF ARKANSAS